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The Influence of Financial Literacy, Money Attitude, Financial Strain and Financial Capability on Young Employees' Financial Well-being

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ABSTRACT

The rising cost of living and difficult economic conditions have made Malaysian individuals and households more conscious of their financial management. This study aims to (1) identify the levels of financial literacy, financial strain, financial capability and financial well-being and the type of money attitude of young Malaysian employees; (2) explore the differences in financial well-being based on the demographic characteristics of young employees; (3) analyse the relationships between the financial well-being of young employees and their financial literacy, money attitude, financial strain and financial capability; and (4) identify the determinants of financial well-being among young employees. The sample for this study consisted of 508 young employees in the public and private sectors aged 40 years and below from four urban areas in central Peninsular Malaysia, who were selected through the multi-stage sampling technique. Data were collected through self-administered questionnaires. The findings indicate that respondents who had moderate levels of financial literacy, financial capability and financial well-being scored high in effort and retention money attitudes and had a low level of financial strain. Statistically significant differences emerged in the financial well-being of those of different marital status (married and single) and the different household income groups (lower, middle and high-income), while there were significant relationships between financial well-being and financial literacy, type of

money attitude, financial strain and financial capability. Demographic characteristics (gender and monthly household income), financial literacy, retention-money attitude, effort-money attitude, financial strain and financial capability had significant influence

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on financial well-being with financial strain being a major factor contributing to financial well-being.

Keywords: Financial literacy, money attitude, financial strain, financial capability, financial well-being

INTRODUCTION

The current difficult economic conditions have made people more concerned about how they spend, save, invest and manage risks in order to protect their standard of living, especially for the long term. Financial management skills are crucial at every stage of life. However, young people face particularly challenging circumstances in making choices regarding their personal finances. A young or prime adult is generally considered a person in the age range of 20 to 40 years. These individuals and their households have a relatively low income and few assets such as home and savings. Nevertheless, this stage of life is also a time when young adults make decisions and significant investments for their future, and most of these involve debt (Haveman & Wolff, 2005).

According to the Federation of Malaysian Consumers Associations (FOMCA) 2011 Report, many of those declared bankrupt due to credit card debt were under 40 years old and 72% of them had no retirement plans. In addition, the report stated that 47% of these young employees were in serious debt with monthly debt payment of 30% or more of their gross income and had, on average, savings to last only four months if they

had to stop working. These are considered unfavourable financial management activities, especially for long-term planning. The combination of financial problems such as high debt, low income and low levels of financial literacy may adversely affect an individual's financial well-being. Income uncertainty, rising petrol prices and physical pain for instance, have more severe effects on well-being.

Today's young adults display ignorance when it comes to their finances, particularly with regard to retirement savings, smart investing, credit card use and debt (Lusardi, 2010). Young adults exhibit a low level of financial literacy, especially when asked about interest rates, inflation and risk diversification. The results of a 2010 survey on the financial literacy of Malaysians conducted by the Central Bank of Malaysia (*Bank Negara Malaysia*) found the financial capability of Malaysian consumers to be low. Research has shown that when the level of financial capability is low, there is impact on individuals, households and consumers in general, as it leads to stress and financial exclusion (Taylor, 2009; Lenton & Mosely, 2008). This is seen as an obstacle to financial well-being as young adults find it difficult to manage their personal finances if they have never learned how to budget and plan to achieve financial security.

The increasing level of compulsive buying among young adults has contributed to personal financial problems, personal bankruptcy filings and credit card debt (Roberts & Jones, 2011). Young people

today face different financial challenges than their parents did. They also accumulate greater debt at a younger age, largely due to high college costs. More than ever, they need to gain skills to take a more active, responsible role in their personal finances.

In addition, financial strain is an important indicator of well-being that is strongly related to mental and physical health. Pressure to pay off debt, for instance, can increase stress and anxiety levels (Szanton, Thorpe, & Whitfield, 2010) and affect workplace morale as conflict between money and work can diminish employee productivity (Garrett, 1993).

However, there has been limited research on financial well-being in Malaysia, particularly of young employees. Thus, this study explores the levels of financial literacy, financial strain, financial capability and financial well-being and type of money attitude, and explores the relationship between the financial well-being and the financial literacy, money attitude, financial strain and financial capability of young public and private sector employees in Peninsular Malaysia. Gaining a better understanding of the contributors to financial well-being will, it is hoped, help young employees to acquire financial prudence and, in the long run, decrease the number of young employees declared bankrupt. Understanding and applying financial well-being concepts will help people to be satisfied with their financial status, improve their standard of living, help them to be able to meet

their needs and feel safe, comfortable and satisfied with their income.

OBJECTIVES

This study was thus conducted with the following specific objectives:

1. To identify the levels of financial literacy, financial strain, financial capability and financial well-being and type of money attitude of young employees.
2. To explore the differences in financial well-being based on the demographic characteristics of young employees.
3. To analyse the relationships between the financial well-being of young employees and their financial literacy, type of money attitude, financial strain and financial capability.
4. To identify the determinants of financial well-being among young employees.

LITERATURE REVIEW

Financial Well-Being

“Financial well-being” can be defined as a feeling of being financially healthy, happy and free from anxiety, and is usually based on a subjective appraisal of an individual’s financial situation (Joo, 2008). Financial well-being is an important factor in determining one’s quality of life. Recession, for instance, has threatened financial well-being and caused economic concerns, including concerns about health, income, debt and career development. According to Van Praag, Frijters and Carbonel (2003),

these concerns affect the psychological and physical health of employees, reduce their confidence and productivity in the workplace and increase absenteeism, work delays and lack of concentration in their jobs.

Determinants of Financial Well-Being

Researchers have reported that a number of variables appear to be consistently associated with financial well-being. Among the most common are demographic and socioeconomic characteristics such as gender, ethnicity, age, income, education and marital status (Hira & Mugenda, 1999). It has also been suggested that while financial well-being is significantly related to some demographic factors, other variables such as financial literacy (Joo & Grable, 2004; Shim *et al.*, 2009), money attitude (Nickerson, Schwarz, & Diener, 2007), financial strain (Drentea & Lavrakas, 2000) and financial capability (Financial Service Authority [FSA], 2009) can also affect financial well-being.

Financial Literacy

Financial literacy enables individuals to make informed decisions about their money and helps to minimise their chances of being misled on financial matters (Beal & Delpachitra, 2003; Raven, 2005). Eitel and Martin (2009) explained that financial literacy is important for the success of future generations. In the United States, for instance, young adults spend more than they earn and this has led to a negative savings rate. This situation is very serious

and needs to be addressed to ensure the financial well-being of future generations (Nellen & McWilliams, 2008). In fact, Hayslip, Bezerlein and Nichols (1997) have found that young adults tend to show high levels of retirement anxiety because of lack of information about retirement. Consistent with that finding, Mitchell and Moore (1998) reported that one reason individuals fail to plan for retirement is because of insufficient knowledge.

Money Attitude

In today's materialistic environment, money is not limited to being a medium of exchange but has also become a means to achieving happiness and well-being. According to Diener and Seligman (2004), money has four symbolic values, which are status, respect, freedom and luxury. Cross-sectional studies have found that there is a positive relationship between these values and subjective well-being. Nickerson, Schwarz and Diener (2007) attempted to relate the link between orientation toward money and life satisfaction. Their study showed that people with high materialism or who were obsessed with money tended to be more satisfied with their finances due to their ability to afford their material desires. The results indicate that the perception that individuals have of their well-being is determined by their life aspirations.

Financial Strain

A number of studies done by Delafrooz, Paim, Sabri and Masud (2010), Bailey, Woodiel, Turner, and Young (1998) and

Falahati, Sabri, and Paim (2012) have examined the factors contributing to financial well-being. Taylor (2009) found financial strain to be a good predictor of financial well-being. Worried about being unable to pay medical bills and being depressed due to having little or no savings were among the financial strain that were highlighted in Taylor's study. Financial strain is not only associated with individuals' financial well-being; it also affects the productivity of individuals.

Financial Capability

A study on financial capability and well-being was conducted in 2009 using data from the British Household Panel Survey (BHPS). It was found that financially capable individuals are able to learn how to manage money and personal finances, become critical consumers when purchasing goods and services and understand the risk in both positive and negative terms. It can be demonstrated that increasing financial capability can have an implication on the wealth of individuals and families, financial security and financial well-being. A greater participation in asset building can lead to greater stability, thus enhancing financial well-being.

METHODOLOGY

Sample

The sample comprised 508 young employees working in public and private agencies in four urban areas in central Peninsular Malaysia i.e. in the states of

Perak and Selangor, the Federal Territory of Kuala Lumpur and the Federal Territory of Putrajaya. This study used a multi-stage sampling technique in selecting the sample study. The target was to obtain 300 respondents working in the public sector in Perak and the Federal Territory of Putrajaya and 300 respondents working in the private sector in the Federal Territory of Kuala Lumpur and the state of Selangor. Public sector agencies were selected from government websites and private sector agencies located in the Federal Territory of Kuala Lumpur and Selangor were selected from a list obtained from the Malaysian Employers Federation (MEF). Four stages were involved prior to administration and collection of data. First, officers from the human resource departments of the selected agencies were contacted through telephone to explain the intention of the study. Pre-approach letters were then sent to explain about the study and to get approval. Once approval had been given, the agencies each provided the name, personal contact number, postal and e-mail address of the person assigned to assist in the survey. After this, personal visits were made to the agencies to meet the person in charge and they were given a more detailed explanation of the study in terms of objectives of the study, the expected outcome from the study and the target group of respondents. In the final stage, the person in charge provided a list of participants who met the requirement of being aged from 20 to 40 years. Self-administered questionnaires were provided to the person in charge to be distributed

to the participants, whose consent had first been obtained. The person in charge then set the date for the collection of the completed questionnaires.

Each state was equally distributed with 150 sets of questionnaires. Among the 600 questionnaires, 92 were returned as undeliverable due to some departments having distributed the questionnaires to the individual respondents, resulting in the misplacement of the forms and some of the respondents withdrawing from participation in the survey. Therefore, the total sample size was reduced to 508. This number represents a total return rate of 84.7%.

The data obtained were coded and analysed using SPSS to identify the determinants of financial well-being among young Malaysian employees.

Variables Measurement

Financial Well-Being: To measure financial well-being, this study used the Malaysian Financial Personal Well-Being Scale (MPFWBS) developed by Garman and Jariah (2006). This scale comprises 12 statements with a 10-point scale, with 1 as the lowest score and 10 as the highest score. Respondents were asked to respond to statements that best described their financial situation. Cronbach's alpha reported in this study was 0.935.

Financial Literacy: Financial literacy was measured using an instrument developed by Sabri, MacDonald, Hira and Masud (2010) based on the Malaysian context.

Thirty-four statements were designed to measure the respondents' level of financial literacy. Respondents were asked to indicate whether the statements given were true or false. One point was given for a "true" response while a "false" response was given zero points. Higher percentage scores indicated a higher level of financial literacy. In this section, financial literacy was divided into three categories, namely, low mean score (0-10), medium mean score (11-21) and high mean score (22-34). The average score was 17.81, with a standard deviation of 5.53.

Money Attitude

Money attitude in this study was measured by adopting six dimensions from the Furnham's Money Beliefs and Behaviours Scale (MBBS), which were obsession, retention, inadequacy, effort, power and security. Money attitude was measured using 24 items that described the feelings and experiences of the respondents with a 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Cronbach's alpha was used to test the reliability of each factor. It was determined that all factors except power and security had acceptable values of 0.6 to 0.7, while the power and the security factors had reliability values of 0.37 and 0.36, respectively. In view of this, the power and the security factors were dropped from further analysis.

Financial Strain

Financial strain was measured using an instrument involving seven items developed by Aldana and Liljenquist (1998). Respondents were asked about financial strain in these questions: "I am unable to sleep well due to inability to get bills paid on time", "I've been depressed due to lack of money" and "My current financial situation makes me anxious". Respondents were required to rate the situation experienced by them in the previous six months on a 3-point Likert scale ranging from never (1), sometimes (2) and always (3). This subjective appraisal of financial situation was coded 1 to 3 so that the higher scores referred to higher levels of financial strain. Cronbach's alpha reported for this study was 0.838.

Financial Capability

To measure financial capability, 20 statements encompassing four different domains (managing money, staying informed, choosing products and planning ahead) used in the following studies on financial capability were used: Financial Capability Survey (2004), Scottish Household Survey (2005-2009), British Household Panel Survey (2006) and Central Bank of Malaysia Survey on Financial Literacy of Malaysian Adults (2010). Each domain comprised five questions and the respondents were asked to rate their responses from strongly disagree (1) to strongly agree (5). Cronbach's alpha reported was 0.896.

RESULTS AND DISCUSSION

Demographic Details of the Respondents

Table 1 provides details of the respondents' profiles. The respondents consisted of 290 employees from the public sector and 218 from the private sector. The majority of the respondents were female (61.6%), while males constituted 38.4%. The majority of the respondents were between the ages of 26 and 30 years. A total of 90.4% (459) were of Malay ethnicity, 4.5% (23) were Chinese, 3.7% (19) were Indians and 1.4% (7) were of other ethnic backgrounds. More than half of the respondents were married (65.9%). Most of the respondents were bachelor's degree holders (29.4%).

More than half of the respondents had a monthly household income of above RM3,500 (51.1%) and 11.8% of them were reported to earn less than RM1,500 per month. The mean monthly household income of the respondents was RM4,937.66, which is slightly lower than the mean monthly urban household income of RM5,742 as stated by the Economic Planning Unit of The Prime Minister's Department, Malaysia in 2012. Even though the high-income level as categorised in the Tenth Malaysia Plan is RM3,500 and above, this level seems too low for urban areas, especially Kuala Lumpur and Selangor, given the high cost of living in these areas.

Respondents were asked about the percentage of their income they saved each month. The results showed that slightly more than half (53.1%) of the respondents saved at least 1 to 10% of their income.

Almost a third (32.2%) of the respondents saved about 10 to 20% and 7.9% of the respondents were able to save more than 20% of their income. However, it was found that 6.7% of the respondents never put their income aside as savings.

The respondents were also asked about their current income adequacy. Half of the respondents (52.8%) felt that their current income was good enough to meet only their basic needs while 26.2% of the respondents reported that their current income was enough for most things and 12.4% of the respondents were able to buy anything that

they wished and could also save money from their income. Only one tenth (8.7%) of the respondents stated they felt that their current income was not enough even to meet their basic necessities.

In terms of financial status, the results showed an almost equal percentage of responses. One third (35%) of the respondents had asset values more than their outstanding debt values, followed by 32.7% who had equal values of asset and outstanding debt, while 32.3% of them felt their asset values were less than their outstanding debt values.

TABLE 1
Profile of Respondents

Demographic	Characteristics	n	%
Agency	Public	290	57.1
	Private	218	42.9
Gender	Male	195	38.4
	Female	313	61.6
Age	20-25 years	68	13.4
	26-30 years	180	35.4
	31-35 years	159	31.3
	36-40 years	101	19.9
Marital status	Single	160	31.5
	Married	335	65.9
	Widow/widower/divorced/separated	13	2.6
Ethnicity	Malay	459	90.4
	Chinese	23	4.5
	Indian	19	3.7
	Others	7	1.4
Education	SPM	122	24.0
	STPM	40	7.9
	Certificate	36	7.1
	Diploma	137	27.0
	Bachelor's Degree	150	29.5
	Master's/PhD	23	4.5

Influence of Financial Literacy

Number of financial dependents	1	217	42.7
	2	112	22.0
	3	74	14.6
	4	35	6.9
	5	28	5.5
	More than 5	11	2.2
Monthly household income	< RM1, 500	57	11.8
	RM1, 500- RM3, 500	179	37.1
	Above RM3,500	247	51.1
Monthly savings	0%	34	6.7
	1%-< 10%	270	53.1
	10%-< 20%	164	32.3
	≥ 20%	40	7.9
Financial status	Asset values less than outstanding debt	164	32.3
	Asset values equal to outstanding debt	166	32.7
	Asset values more than outstanding debt	178	35.0
Current income adequacy	Not enough	44	8.7
	Enough for basic needs	268	52.8
	Enough for most things	133	26.2
	Enough to buy all the things wished for	63	12.4
	and could save money		

Financial Literacy levels

In order to identify the levels of financial literacy, the respondents were asked thirty-four questions concerning general knowledge, credit card, debt and loan, savings and investment, and Islamic banking and products. In general, most of the respondents understood the concept of credit as three quarters (78.3%) of the respondents knew that credit-card holders cannot spend without limit. More than half (64.2%) of the respondents gave the correct answer that making cash withdrawals using credit cards is not a low-cost financial source. Meanwhile, 69.3% of the respondents answered correctly

that credit-card holders will be charged for making cash withdrawals using credit cards.

The results also indicate that a large number of respondents (72.0%) gave the right answer when asked about loan repayment. However, 33.3% of the respondents did not know that they could not spend more than 40% of their monthly income to pay instalments while 39.8% of them gave the wrong answer to this statement. Only the remaining 27.0% of the respondents provided the correct answer. According to Garman and Forgue (2004), savings should be included in spending plans (budgeting). However, most of the respondents had the wrong interpretation

of savings. The results showed that 74.8% of the respondents agreed that savings were extra income after deducted expenses. The answer given was wrong and contrary to the recommendations of experts in the field of finance, who state that savings are actually the portion of income not spent on current expenditure. Individuals should understand the various concepts involved in savings, including reasons for saving, the importance of saving, setting saving targets, the saving process, places to save, available types of savings instrument, advice for becoming a disciplined saver, special purpose accounts, comparison of savings accounts and savings plans. A saving mindset must be cultivated, and individuals must understand such matters as why spending less should be easier than saving more and how to apply savings strategies for purchasing large appliances (Tohey & Tohey, 2000).

In addition, respondents were also asked on their knowledge of Islamic financial products. The tremendous growth in Islamic banking has encouraged global movement of banks into this area that has become increasingly popular with consumers. However, the results revealed that the respondents were less knowledgeable about Islamic banking and finance products. Malaysia's Islamic finance industry has been in existence for over 30 years and Malaysia's

Islamic banking assets have reached USD750 billion with an average growth rate of 15 to 20% annually (Islamic Financial Industry Stability Report, 2013). Islamic banking and finance is not only expanding in nations with majority Muslim populations, but also in the countries with Muslim minorities such as the United Kingdom and Japan (International Monetary Fund Survey, 2007). Increased efforts by conventional banks to offer Islamic banking products to a larger segment of consumers may help to diversify the choices available to them.

Less than one third (19.5%) of the respondents gave the right answer to the question on borrowings in Islamic banking and only 23.0% of the respondents gave the correct response to the question on interest rates and returns when making investment in Islamic banking.

Table 2 shows the financial literacy scores by categories. The results indicate that 321 (63.3%) of the respondents had medium levels of financial literacy. This finding is consistent with that of the pilot survey conducted by OECD in 2012, which made an assessment of the national level of financial literacy in several countries such as Germany, Peru, Norway and Malaysia. Based on the pilot survey, Malaysia reported a moderate level of financial literacy with a knowledge score of 51%.

TABLE 2
Financial Literacy Score Levels

Category	Total	Low	Medium	High
Scores	31	0-10	11-21	22-31
Respondents	508	45	321	142
(%)		(8.7)	(63.3)	(28.0)

Money Attitude Levels

The respondents were asked to describe their experience and feelings regarding money based on four dimensions of money attitude. The first dimension of money attitude was obsession. The results show that most of the respondents were not obsessed about money. By combining categories, only 32.1% of the respondents agreed that money could solve their problems. Meanwhile only 16.8% of the respondents believed that money is the only thing that they could depend on in their lives. The majority (84.0%) of the respondents were not interested to show off their financial success to their friends. This indicates that most of the respondents did not consider money as the main means to solve the problems they encountered in their daily lives. However, the findings of this study are found to be in contrast with a study of young Chinese consumers conducted by Durvasula and Lysonski (2010), which indicates that young Chinese consumers are fascinated with money and consider money as an important means to solve problems in their daily lives. Money is seen as a symbol of wealth and is likely to be associated with one's level of materialism. This finding contradicts the findings on the money attitude of Malaysian individuals, which may be different due to personal traits or demographic factors such as family life cycle (Tang, 1993). Apart from that, it can be assumed that the Malaysian culture makes people rely on religion, family, career satisfaction, health and friends instead of on money. In other

words, without these elements, their lives would not have any meaning even if they had a lot of money.

The second dimension was retention of money, which illustrates the attitude of people who keep track of their money through budgeting and planning, and prepare for their future financial needs. The results showed that 41.9% of the respondents had mixed feelings as to whether they felt guilty spending their money on necessities even though they had enough money at the time. More than one third (45.7%) of the respondents had difficulty making decisions regarding spending their money, regardless of the amount involved and their actual ability to afford it. It can be concluded that most of the respondents had high retention of money attitude.

The third dimension was inadequacy of money. People who are financially inadequate are those who worry about their financial situation most of the time, feel that most of their friends have more money than they do and believe other people overestimate their actual financial resources (Furnham & Argyle, 1998). By combining categories, the results showed that 53.4% of the respondents did not spend their money on leisure or pleasurable activities. Nearly half (42.9%) of the respondents did not agree that their friends had more money than they did while only 18.7% of the respondents felt anxious about their personal finances. It can be concluded that the respondents had a good degree of the perception of having enough money. This

may have been because the respondents were still at a young age and had few financial dependents.

The final dimension was effort of money. One third (30.3%) of the respondents did not agree they were thrifty while 30.1% of them agreed with that statement. Less than half (45.9%) of the respondents were satisfied with their present income as being what they deserved based on their jobs. A high percentage of the respondents (73.0%) believed that the amount of money that a person earns is closely related to their ability and effort. More than two thirds (66.8%) of the respondents kept track of their money and knew how much they had in their bank or savings account, including the credit or loan incurred. It can be concluded that most of the respondents felt that their achievement or ability was reflected in the amount of money they earned.

Scores for each of the four dimensions were computed by summing the mean score for all of the items. Dimensions with a high score represented a high level of the attitude. Fig.1 shows that the respondents scored high for effort of money attitude (mean=16.9). The other scores were retention of money (mean=10.7), obsession with money (mean=9.3), and inadequacy of money (mean=7.9).

Financial Strain Levels

Respondents were asked to answer if they had experienced seven situations that indicated their financial strain in the last six months. The results showed

that the statement "Delay in paying bills makes me worried" yielded the highest percentage (35.03%) among the young employees, followed by "Current financial situation makes me anxious" (17.13%) and "Worried about medical costs" (15.75%). Meanwhile, the four lowest scores were for "Unable to sleep well due to inability to pay bills on time" (14.96%); "Worried about being unable to get a balanced diet" (10.63%); "Have fallen sick due to worry about self or family spending" (6.9%); and "Depressed due to lack of money" (6.3%). Financial strain levels were divided into three, which were low, moderate and high. Fig.2 shows that a high percentage of the respondents (46.2%) had a low level of financial strain. However, there was a subtle difference between those respondents reporting a low level of financial strain and those reporting a moderate level of financial strain (44.6%). However, this finding was found to be different from that in a study conducted by Alley and Kahn (2012), which involved 6,287 respondents. Using the Health and Retirement Survey, they demonstrated that economic resources, psychological resources and health explain financial strain across the demographic subgroups. They found that people who experienced high levels of financial strain were young adults who had few financial resources in terms of income.

Financial Capability Levels

The respondents' financial capability was measured by twenty statements comprising four domains, which were managing

money, staying informed, choosing products and planning ahead. In terms of managing money, most of the respondents agreed that they managed their money properly as 64.1% of them made plans for their expenses and paid their bills on time and 60.5% of the respondents regularly set money aside for possible unexpected

expenses. With regard to planning ahead, less than half of the respondents planned ahead, especially for their retirement life. The results indicated that only 48.7% of the respondents made financial provision for retirement. In terms of staying informed, 30% of the respondents were interested in keeping up to date with information

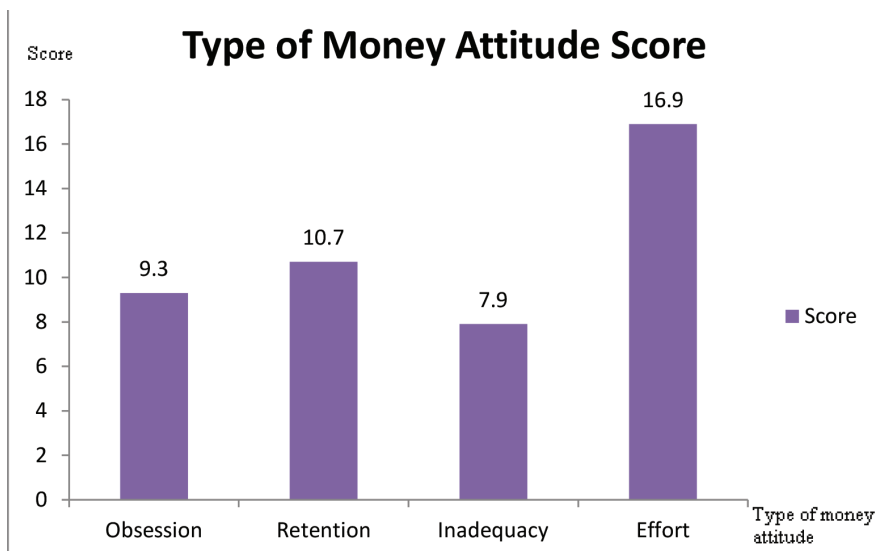


Fig.1: Type of money attitude score.

Financial Strain Levels

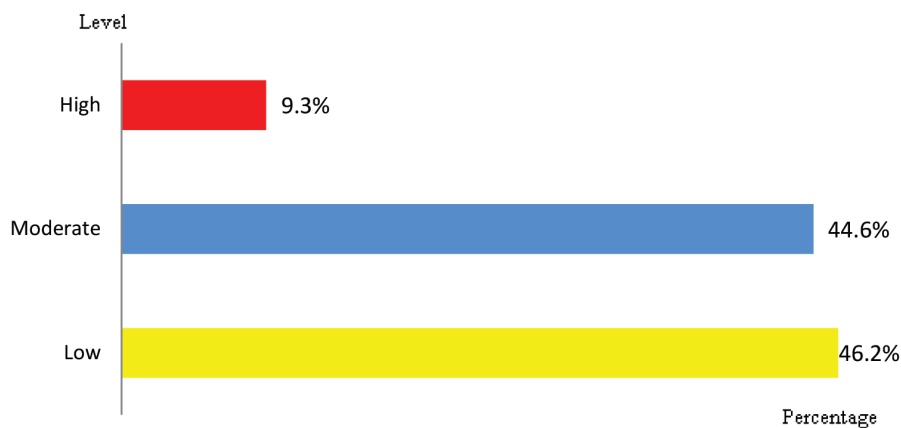


Fig.2: Financial strain levels.

on financial management. Only 22.4% of them willingly obtained advice from the professionals. In terms of choosing products, most of the respondents considered several policies or loans from different companies before making decisions, read the terms and conditions in detail before agreeing or signing and

made personal considerations rather than believing and accepting what had been recommended by financial advisers. Fig.3 shows the financial capability scores by categories. The results indicate that 73.6% of the respondents had a moderate level of financial capability.

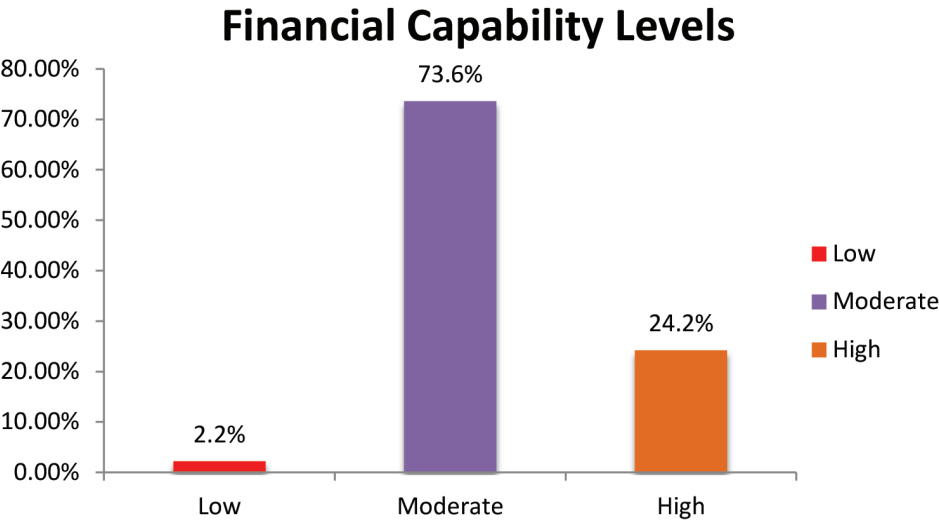


Fig.3: Financial capability levels.

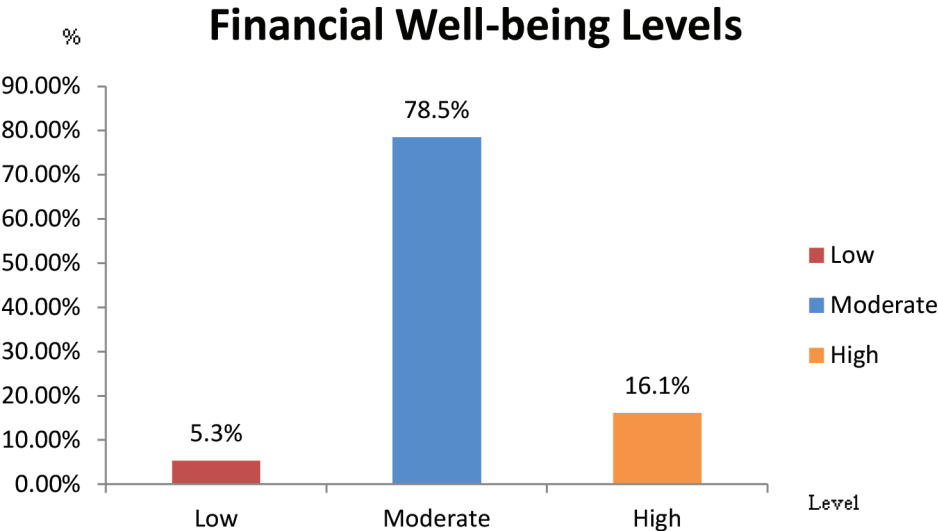


Fig.4: Financial well-being levels.

Financial Well-Being Levels

The respondents' financial well-being was measured using 12 statements indicating their financial status. The respondents were asked about their satisfaction with their current financial situation, current financial adequacy and how confident they were of having enough money to cover their life after retirement. In general, the highest mean score for financial well-being was reported for the statement regarding the frequency of having trouble paying bills. The mean score of 7.32 indicates that most of the respondents did not frequently face a problem in paying their bills. In addition, the respondents were confident that they could control their finances (mean=6.57) and they were confident that they had the power to control their personal finances (mean=6.36). Even though most of the respondents believed they were in good financial condition, they were still worried about their current financial situation as the statement "Worry about your current financial situation" reported the lowest mean score of 4.93. The results illustrated in Fig.4 show that the majority of the respondents (78.5) had a moderate level of financial well-being.

An independent sample t-test was conducted to compare the financial well-

being scores for married and single young employees. Table 3 shows that there was a significant difference in the scores for married respondents ($M=73.00$, $SD=14.11$) and for single respondents ($M=70.14$, $SD=16.12$; $t(508)=1.97$, $p=0.04$). The results thus revealed that there was a significant difference between married and single young employees. Married couples tended to be financially better off compared to single young employees. According to Sweeny (2002), entering into marriage is related to an increase in economic well-being. Married couples typically manage their resources jointly, thus allowing them to adjust better to economic circumstances compared to singles (Brines & Joyner, 1999).

A one-way between-groups analysis of variance was conducted to explore financial well-being among the income groups. Income groups were divided into three based on monthly household income classification used in Malaysia in the 10th Malaysia Plan, which is low, middle and high (Group 1: less than RM1,500; Group 2: RM1,500 to RM3,500; Group 3: Above RM3,500). Table 4.4 reveals that there was a statistically significant difference at the $p<0.05$ level in financial well-being for the three income groups [$F(2,480)=12.810$,

TABLE 3
Marital Status Comparison for Financial Well-Being

Marital status	n	Mean	SD	t	Sig.
Married	335	73.003	14.11	1.974	0.04
Single	173	70.145	16.12		

*Significant $p<0.05$

TABLE 4
Income Group Comparison for Financial Well-being

Income group	n	Mean	SD	F	P
Low	57	65.92	19.764	12.810	0.000
Middle	179	69.52	13.633		
High	247	75.05	13.999		

*Significant $p < 0.05$

TABLE 5
Pearson's Correlation Coefficients Results

Variables	Pearson Correlation (<i>r</i>)	<i>p</i>
1. Financial literacy	0.205**	0.000
2. Type of money attitude		
a) Obsession	-0.072	0.107
b) Retention	0.151**	0.001
c) Inadequacy	0.001	0.989
d) Effort	0.330**	0.000
3. Financial strain	-0.409**	0.000
4. Financial capability	0.358**	0.000

Significant:

** $p < 0.01$

TABLE 6
Multiple Regression Results of Determinants of Financial Well-Being

Variable	b	Beta	t	Sig.
Constant	20.308		3.107	0.002
Gender (Male)	-3.363	-0.109	-3.059	0.002**
Marital status (Married)	1.33	0.042	1.187	0.236
Household income	2.662	0.122	3.249	0.001**
Money attitude (Retention)	0.789	0.097	2.721	0.007**
Money attitude (Effort)	1.123	0.218	5.866	0.000**
Financial literacy	0.26	0.095	2.508	0.012**
Financial capability	0.47	0.301	8.136	0.000**
Financial strain	-1.697	-0.379	-10.512	0.000**

$R = .647$; $R^2 = .418$; Adjusted $R^2 = .408$; $F = 42.199$; Sig. $F = .000$

** $p < .01$

$p=0.001$). Post-hoc comparisons using the Tukey HSD test indicated that the mean score for Group 3 ($M=75.05$, $SD=13.99$) was significantly different from Group 1 ($M=65.92$, $SD=19.76$) and Group 2 ($M=69.52$, $SD=13.63$). Meanwhile, Group 1 ($M=65.92$, $SD=19.76$) did not differ significantly from Group 2 ($M=69.52$, $SD=13.63$). This shows that the respondents in the high-income group were more financially well off compared to the other groups. Incomes help people to meet their needs. People with greater incomes are more likely to be able to meet their needs such as healthy food, safety, health and comfortable housing, leading to subjective financial well-being compared to those with lower incomes.

The relationship between financial well-being and financial literacy, type of money attitude, financial strain and financial capability was investigated using Pearson's correlation coefficient. The results revealed a positive relationship between financial well-being and financial literacy [$r=0.205$, $p<0.01$], retention money attitude [$r=0.151$, $p<0.01$], effort money attitude [$r=0.330$, $p<0.01$] and financial capability [$r=0.358$, $p<0.01$]. However, there was a negative relationship between financial strain and financial well-being [$r=-0.565$, $p<0.01$].

Based on the multiple regression results in Table 6, eight variables explained 40.8% of the variance of financial well-being. This also suggests the potential of other factors explaining the financial well-being of the respondents. The Beta value in the Table

of Coefficient shows which variable makes the strongest unique contribution to explain the dependent variable while the significant value explains whether the variable makes a significant unique contribution to the prediction of dependent variable. From three demographic characteristics, two demographic characteristics were significant at the 0.01 level: gender and household income. However, marital status did not contribute to the variance. By comparing the beta coefficients among the two significant variables, household income had slightly higher influence on the financial well-being of young employees compared to gender with beta values of 0.122 and 0.109, respectively. From the results obtained, the total of five independent variables were also shown to be significant: financial literacy, effort-money attitude, retention-money attitude, financial capability and financial strain. Overall, financial strain was the greatest predictor of financial well-being among young employees (Beta=-0.379).

The results indicated that the male respondents showed more financial well-being compared to the female respondents. This is supported by Gottschalck (2008) who reported that women held lower levels of wealth and had significantly lower earnings compared to men. Furthermore, women may spend as many as five more years than men in retirement due to a longer life expectancy. Marital status did not make a unique contribution to financial well-being. It can be assumed that positive views and life satisfaction depend on

the concept of self-esteem and different perceptions of the individuals, regardless of whether they are married or single. It is proposed that overall life satisfaction comes from each individual's personal values, which are unique and different. Apart from that, household income also made a unique contribution to financial well-being. The positive correlation between income and financial well-being indicated that higher income could allow people to more comfortably meet their basic needs as well as to confer status advantages. The results also indicated that financial literacy, retention and effort money attitude and financial capability positively predicted financial well-being. The results further indicated that those with a higher level of financial literacy, positive money attitude and a higher level of financial capability had greater financial well-being. Individuals who had knowledge of the various aspects of finance, particularly in relation to their financial needs, were more likely to make the right decisions and be capable of using the skills to manage their personal finances. In addition, a positive attitude towards money such as retention and effort money attitude can help individuals to manage their finances through budgeting and intensifying their efforts to generate income and protect their future financial needs. Conversely, financial strain was found to be negatively related to financial well-being. Those who experienced problems related to lack of money for essential expenses reported lower levels of financial well-being.

CONCLUSION AND IMPLICATIONS

This study explored the determinants of perceived financial well-being among young employees. Multiple regression analysis was used to explore the factors contributing to financial well-being. The results of this study suggest several important conclusions. First, being financially capable is an indicator of financial well-being as financial capability will help young employees to keep track of their money so that they can make ends meet and be helped in making sound choices in the event of any circumstances or unexpected situations. Second, a positive attitude towards money helps individuals to be careful in spending their money through budgeting and planning for their future financial needs. Third, it is apparent that positive early consumer experiences improve young employees' financial literacy, which in turn has a significant effect on their financial management and in turn, increases their perceived level of financial well-being. Providing basic knowledge of personal finance to this group of young employees would seem to be an effective approach to educate them to become responsible and prudent consumers. The results also indicate that rising household income is associated with increasing financial well-being. A large number of studies have been conducted to see the relationship between subjective well-being and income (Rogers & DeBoer, 2001; Hamermesh, 2004). Access to greater economic resources infers higher living standards and well-being as people with

higher incomes are more able to meet their material aspirations and will feel better off (Easterlin, 2001). Most importantly, the negative effect of financial strain on financial well-being needs more attention. Financial difficulties can make people blame each other for their situation.

The findings of this study can serve as a guide to the government, in particular to the Economic Planning Unit (EPU), in setting economic policy. The findings indicate that the mean household monthly income of the respondents was RM4,937.66, much lower than the RM5,742 indicated by EPU in 2012. The findings also reveal that 11.8% of the respondents earned less than RM1,500 per month and almost half of the respondents said that their current income adequacy was enough to meet only their basic needs. Due to those circumstances, 6.7% of the respondents were unable to save money at all, as the income earned was only enough to meet their expenses for that particular month. The increasing cost of living in urban areas may further complicate matters for this group to survive, and this would affect their financial well-being in the long run, especially in life after retirement. Although more than half of the respondents were in the high-income group and earned more than RM3,500 a month, this value is seen as too low to be categorised as high-income as the cost of living is high, especially in Kuala Lumpur and Selangor. There are still a number of people who need more attention due to low income and circumstances not being in their favour. Therefore, the development of

an inclusive approach that will expand the ability of Malaysians to participate in and benefit from economic activity is needed.

It is important to promote financial education to young employees, as this initiative will provide the necessary knowledge, skills and tools for them to make informed decisions with confidence. Apart from that, this initiative may highlight the importance of financial literacy as living skills for young employees to educate them on how to develop and maintain healthy financial behaviour and habits for financial well-being. FOMCA, for instance, is one of the national non-governmental organisations (NGO) that can help to deliver financial education to young employees. Efforts to provide quality financial literacy to Malaysians can help to improve consumers' understanding of their financial well-being so that they can establish and achieve personal financial goals and build financial security.

Young employees who are in a moderate level of financial strain may have the tendency to fall into low or high level of financial strain if they do not overcome the problems that they face. These problems will not only affect their personal finances but may also affect their job productivity, as they will not be able to focus on their work. Due to this, employers may take the initiative to introduce financial counselling and education in the workplace. In fact, financial counselling and education for employees makes good financial sense for employers as well. This is because employees' financial

problems affect their job productivity and employers have to bear the cost of reduced productivity, absenteeism, rising health care costs or tardiness. As such, employer-sponsored workplace financial counselling and education can become a strong investment for the future. Good financial wellness programmes such as group seminars on appropriate financial topics or in-person programmes between employees and financial counsellors may help employees. Reduced financial strain may help employees to be more focussed at the workplace, thus benefiting employers.

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